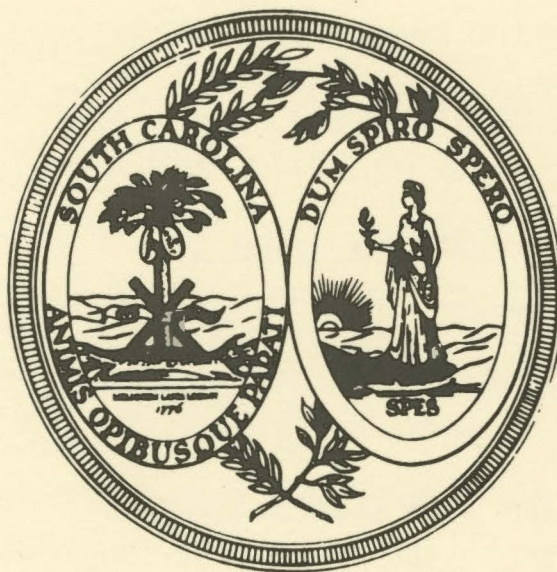


South Carolina General Assembly



Legislative Audit Council

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The State of South Carolina
General Assembly
Legislative Audit Council
Report Summary of the
Management and Performance
Review of
Trident Technical College
March 22, 1984

THE STATE OF SOUTH CAROLINA

GENERAL ASSEMBLY

LEGISLATIVE AUDIT COUNCIL

REPORT SUMMARY OF THE

MANAGEMENT AND PERFORMANCE

REVIEW OF

TRIDENT TECHNICAL COLLEGE

REPORT SUMMARY

Introduction

The Legislative Audit Council was requested by the South Carolina General Assembly to conduct a management and performance review of Trident Technical College (Trident TEC). The review focused on Trident TEC, as requested, and includes related study of the State Board for Technical and Comprehensive Education (State TEC Board) and State TEC system in general. This report examines management of resources, and does not provide an in-depth evaluation of academic programs or educational quality. The Council identified significant weaknesses in the financial management of the College, particularly in its capital construction program. Comparisons of resources devoted to administration versus instruction suggest a pattern of excessive administrative support at the expense of the instructional mission of the College. The Council identified unnecessary and/or improper expenditures of more than \$6 million.

Trident TEC has had a new President since May 1983, and has undergone an administrative reorganization. The usual practice of the Audit Council is to hold an "exit conference" with the audited agency for review of the draft report. The exit process provides an opportunity for the agency not only to reflect on accuracy of content but also to update the Council on changes related to draft findings. In this case, the Trident TEC President and Area Commission elected not to review the draft report (see Appendix B). The Audit Council is aware that certain changes have been made, including the bidding of insurance

policies, procurement of computer hardware and software, improved control of equipment and auditing of FTEs. The findings relating to these areas remain in the report because they may have applicability to other TEC colleges in the system.

This report summarizes major findings presented in Volume I of the Audit Council review of Trident TEC. Volume I of the review contains five chapters. Chapter I reviews the history and organization of the State TEC system and Trident TEC. The College's management of capital improvement projects is discussed in Chapter II. Chapter III presents an analysis of Trident TEC's administrative and financial management, including accounting controls, computer resources and other resources. Chapter IV presents findings on the College's academic programs and student services. Problems related to the State TEC system are discussed in Chapter V. Comments of the State TEC Board are published as Appendix A of this summary and Volume I. Appendix C contains a list of additional findings discussed with agency management which are available under separate cover as Volume II. Copies of both reports may be obtained from the Legislative Audit Council. The following sections summarize Volume I's major findings.

CHAPTER I

HISTORY AND ORGANIZATION

State/Local Authority (p. 16)

Because general legislative provisions do not clearly define all points where state-level control ends and local control begins, the Audit Council requested clarification of jurisdictional issues in the State TEC

system from the Attorney General's Office. An opinion dated September 6, 1983, confirmed the following:

1. The State TEC Board has powers of administration and enforcement over the technical education system.
2. Area commissions are given powers of local governance for the institutions; however, their powers cannot be exercised in violation of appropriate State TEC Board and state-level policies and procedures.
3. Expenditure of area commissions' money, regardless of its source, is limited by the powers given to the State TEC Board to approve budgets and over other special objects of area commission expenditures.
4. The State TEC Board's responsibility includes the state-level development and operation of high quality programs financed in whole or in part by State funds. Therefore, accountability powers (i.e., the "state of being responsible or answerable") should extend to the State TEC Board's adoption of policies that assure that the area commissions fulfill their responsibility to maintain those high quality standards at their respective institutions.

In conclusion, although some area commissions are designated as local or administrative agencies of counties, their purpose is to provide governance at the local level for institutions subject to State jurisdiction and control. Where expenditures of funds by area commissions are not restricted by State Board policy or State or Federal law, and budgetary approval is obtained, such expenditures may be made at the discretion of the local commissions regardless of the source of the funds. Finally,

characterization of the institution as State or local under various provisions and regulations is difficult in the absence of a precise line between the authority of State and local entities. Those matters should be resolved by legislative action.

Untimely Reappointments of Area Commissioners (p. 13)

Six members of the Trident TEC Area Commission are serving past the expiration of their terms. Two members, appointed in 1962 to terms that expired in 1971 and 1972, continue to serve without reappointments; four other Commissioners' terms expired, but they have not received their respective Legislative Delegation's reappointments. The terms have been extended from 18 months for some Commission members to ten years for others.

Lack of Area Commission Turnover (p. 13)

Two of the nine Trident TEC Area Commissioners have served consecutively, from initial three-year appointments in 1962, to the present; and one has served from initial appointment in 1963. More than 50% of the technical colleges have area commissioners who have served 20 or more continuous years. Lack of turnover may inhibit questioning of policies and procedures that have become more traditional than practical. The potential exists for changes in industrial growth and technological expansion to be overlooked by long-serving Commission members.

CHAPTER II
MANAGEMENT OF CAPITAL IMPROVEMENTS

Questionable Use of \$4 Million Bond Issue (p. 22)

Trident TEC misrepresented a request for State capital improvement bonds, using the funds for a project other than that presented as their intention to the State TEC Board. Trident TEC received \$4 million to reimburse costs of relocating Palmer College but used the funds to finance construction of the Berkeley Campus. As a result, Trident TEC students are funding the abandoned Palmer/Ashley River Campus project through tuition fees totaling \$5.3 million over 18 years.

No Justification For Berkeley Campus (p. 27)

Trident TEC has constructed an unjustified \$5.5 million satellite campus outside Moncks Corner in Berkeley County. Trident TEC did not adequately present information that questioned the need for the campus, and the State TEC Board gave approval for the construction without analyzing the need for the campus. The FY 82-83 average quarterly enrollment at the Berkeley Campus was less than 24% of its designed capacity. The Berkeley Campus has had an average enrollment of approximately 4% of the College's full-time-equivalent enrollment. Consideration of alternative uses for the Berkeley Campus should take into account a college-wide decline in enrollment of approximately 25% from 1982 Winter Quarter to 1984 Winter Quarter.

Unnecessary Construction Costs (p. 33)

Over \$700,000 in unnecessary construction costs were incurred at the Berkeley Campus as a result of poor planning and inadequate demand. Laboratories were constructed for cosmetology, science, carpentry and construction management programs, which were either not offered or have been cancelled.

Local Match For State Bond Funds Not Provided (p. 38)

Trident TEC did not provide a 20% local match for \$4 million in State capital improvement bond funds received in 1979, resulting in an \$800,000 overexpenditure of State funds. The State TEC Board should ensure that Trident TEC provides a 20% local match before release of an additional \$1.75 million in capital improvement bond funds authorized for the College.

Improper Architect Selection and Project Approval (p. 40)

Trident TEC did not follow State laws or procedures for architect selection or project approval for construction of the Palmer Campus on the Ashley River site. By the time the College received State approval, \$2,244,732 had been expended on the project, including \$158,115 to the architect. Following proper State approval procedures would have prevented the clause in the Ashley contract calling for arbitration to settle disputes. Trident TEC paid \$59,194 to the American Arbitration Association. Costs of more than \$980,000 related to the arbitration and court action were incurred as of June 1983.

Excessive Tuition Fees For Construction (p. 43)

Trident TEC students have paid more tuition fees than necessary for the State institution bonds used to fund the Ashley River campus construction. As of April 1983, \$1,198,333 in excess tuition fees had been paid by Trident TEC students. College officials did not request that tuition fees be lowered or that the bonds be paid off. As a result, Trident TEC was able to borrow excess tuition fees collected for the Ashley River project to help fund the new Berkeley Campus construction.

Unauthorized Transfers Into Capital Improvement Accounts (p. 47)

The State TEC Board has not adequately monitored transfers of excess student fees into the capital improvement accounts (plant funds) of technical institutions. The State TEC Board policy which allows these transfers into the capital improvement accounts is in violation of the 1983-84 Appropriation Act. As a result, Trident TEC has charged excessive student fees. From 1976 Fall Quarter to 1982 Fall Quarter, Trident TEC student fees increased 75%, while over \$2.1 million in "excess" operating funds were transferred into the capital improvement account.

Inadequate Handling of Capital Improvement Account (p. 51)

Trident TEC's handling of its capital improvement account (plant funds) needs improvement. The College has no written procedures covering the administration of the capital improvement account, which in FY 81-82 alone had over \$11 million in transactions. Without written procedures, accountability is reduced and fraud and abuse could result.

CHAPTER III
ADMINISTRATIVE AND FINANCIAL MANAGEMENT

Administrative Expenditures Show Greatest Growth (p. 54)

Administrative, or noninstructional, expenditures at Trident TEC have been higher than those of comparable institutions. From FY 79-80 to FY 81-82, 43 cents of every dollar were spent to support administration. Adequate emphasis has not been placed on the instructional mission of the College.

Equipment Allocations Overspent in Administration (p. 57)

From FY 77-78 through FY 82-83, 41% of Trident TEC's total equipment expenditures supported administration. Administrative expenditures for the other two comparably sized technical colleges averaged 27.5% of their total equipment expenditures. Some instructional programs at Trident TEC were found to be operating with below industry standard equipment, particularly in the industrial and engineering curricula.

Questionable Need for Central Office Building (p. 62)

The Trident TEC Central Office Building was officially opened in September 1978 nearly a mile from the North Campus. Due to the lack of proximity to campus of essential offices, the inefficient use of space, and the availability of space on the North Campus for relocation of employees, it may be advantageous to sell the Central Office Building. It is likely that the building's sale would reduce administrative overhead and expenditures, allowing the College to increase instructional support.

Weak Controls Over Disbursements (p. 65)

Numerous weaknesses were found in the disbursement of institutional funds, including control over checks, travel reimbursements over state-authorized amounts, and payment for employee accident insurance. This has contributed to a breakdown in educational and financial accountability for students and taxpayers.

Problems in Grant Accountability (p. 67)

Trident TEC lacks accountability over grant expenditures, including record-keeping and reporting. For example, large differences arose in reporting expenditures for the \$1.6 million Strengthening Developing Institutions Program (SDIP) grant. Without a grants accountant reporting to the Vice President for Finance, control is not adequate over the \$1 to \$2 million in grants received annually.

Administration of Student Loans Needs Improvement (p. 70)

Trident TEC has improperly managed the collection of National Direct Student Loans (NDSL). A large outstanding NDSL balance (\$77,820), 68% of which was in default at June 1983, and misplacement of fiscal responsibility over student aid grants have resulted.

Consultants Should be Considered Employees (p. 73)

Individuals have been hired as consultants when they should have been considered employees. Erroneous classification could result in more payroll tax liability to Trident TEC and also could affect accreditation.

Computer Purchase a Costly Mistake (p. 75)

Trident TEC's computer, purchased in 1978, obligated more than \$.5 million in Federal and local funds. The system proved to be an inappropriate acquisition, requiring the College to purchase another system at a cost of \$.6 million.

Unnecessary Conversion of Payroll Package (p. 79)

Approximately \$100,000 in personnel resources were used in 1981 and 1982 to convert a computerized State TEC Board payroll package to the Trident TEC computer. This program was dismantled at the request of the State TEC Board, a few months after conversion.

Inefficient Purchase of Optical Mark Scanning Machine (p. 83)

An optical mark scanning machine was purchased in 1979 on a lease-purchase agreement, in which the College agreed to pay \$25,100 interest on the \$58,300 machine. Since proper planning could have prevented unfavorable financing, the \$25,100 was wasted.

Improper Vehicle Procurement Procedures (p. 85)

The College has not adhered to purchasing procedures and codes in the procurement of vehicles. It has paid more than necessary (often in lease arrangements), and has awarded 13 of 15 contracts since 1976 to a single dealership.

Insurance Coverage Practices Have Been Questionable (p. 90)

Three questionable insurance coverage practices were noted:

- 1) the students' accident policy has been provided through the same

company since at least 1964 and had not been bid prior to 1981;
2) Trident TEC paid for accident coverage on all employees from at least 1967-1981; and 3) coverage on two formerly leased cars was continued even after their return to the leasor. These incidents point out a lack of management control over insurance policies at Trident TEC.

Lack of Control over Equipment (p. 92)

An inventory of equipment at Trident TEC was performed by the State TEC Board. As a result, an increase in the inventory of \$157,676 (based on acquisition value) was recorded. The State TEC Board cited weaknesses in equipment controls and made recommendations to improve the situation.

Unauthorized Use of Private Attorneys (p. 96)

Private Charleston law firms have been engaged to represent Trident TEC, rather than the Attorney General's staff or the in-house counsel of the State TEC Board. From July 1977 through March 1983, \$48,375 from the general operations account and \$125,877 from the capital improvement account had been expended for private counsel.

Departmental Supplies Are Purchased Above Cost (p. 98)

Departmental supplies have been purchased at the Trident TEC bookstore at prices above cost. The profit realized by the bookstore funds a promotional account which, until June 1982, was used at the President's discretion. From \$11,400 to \$25,400 in FY 81-82 would have been saved by the College using other procurement methods. Although Section 59-53-100 of the South Carolina Code of Laws provides more

control over expenditures of profits, it does not provide incentives for Trident TEC to discontinue its markup practice.

CHAPTER IV

MANAGEMENT OF ACADEMIC PROGRAMS AND STUDENT SERVICES

Developmental Studies Program Can Be More Efficient (p. 102)

The Developmental Studies program is one of three TEC programs in the State that has not implemented the State TEC Board model for providing remedial instruction. Savings of up to \$100,000 a year could be realized by implementing this system.

Counseling of Special and Developmental Studies Students Needs Improvement (p. 110)

The College's Student Development section does not have a systematic method for individual counseling of "Special Students" and Developmental Studies students. These students, who comprise at least 30% of the student body, could profit from meeting with counselors on a regular basis to assess careers, goals and alternatives.

Assignment of Academic Advisors Needs Improvement (p. 113)

Trident TEC needs to improve its academic advisement system. The College needs to distribute students more equitably among faculty advisors, and regularly update and verify the advisor/advisee information. The Audit Council found that in Spring 1983 the number of students per advisor ranged from one to 156 college-wide. Poor advisement can be a key factor in retention/attrition of students.

Inadequate Supervision of Extension Center Courses (p. 117)

An on-site survey of extension center operations revealed that classes were dismissed on the average, 1.5 hours prior to scheduled departure times. Inequities in instruction between off-campus locations and the North Campus could result in an unfavorable accreditation review of the College.

CHAPTER V

STATE BOARD FOR TECHNICAL AND COMPREHENSIVE EDUCATION

Lack of Minimum State-Wide Policies (p. 120)

The State TEC Board has issued general guidelines in some areas of technical college operations but has left others a prerogative of each institution. Some institutions have more stringent policies than others and some have developed no policies in noted areas. TEC system employees are not treated uniformly within the system, although they are all State employees. Also, students are treated differently from institution to institution.

Disparity in Local Government Support (p. 122)

There is disparity in local government support of technical colleges. The average county support is 9%; however, one technical college receives as little as 2% while another receives 14% of its overall revenues from county support. In addition, ten of the 46 counties do not contribute at all to the support of technical colleges in their area, even though they receive services from the colleges. Student fees are used to fund operational costs not covered by tax revenues, leaving fewer funds for program improvements.

Expenditures Have Exceeded Appropriations For Special Schools (p. 126)

Special Schools' expenditures have exceeded appropriations, resulting in mid-year costs to other technical education programs. Commitments are made by State and local agencies which are beyond the control of the State TEC Board, requiring the expenditure of funds beyond the budgeted amount. Projected shortfalls have averaged \$575,000 for the past two years. Failure to adequately fund the Special Schools program could reduce incentive to industry to locate in the State or expand, affecting the number of new jobs created and the economic development of the State in general.

Lack of State TEC Board Oversight In Special Schools' Approval (p. 128)

The State TEC Board has not formally approved many Special Schools programs. Of 298 Special Schools programs conducted by the Industrial Services Division of the State TEC Board from FY 77-78 to FY 81-82, only ten (3%) were formally approved by the Board. Under the current policy, the State TEC Board reviews programs and makes recommendations on only 35% of all expenditures for Special Schools. This limits the State TEC Board's involvement in the control of Special Schools' expenditures.

Internal Audit Functions Not Properly Aligned (p. 131)

The internal audit functions at both the State and local levels are not properly aligned to report to their respective organizational heads. As a result, broad audit coverage, adequate consideration of reports, and appropriate action on recommendations are hampered.

FTEs Have Not Been Audited in the TEC System (p. 133)

Until Fall 1982, full-time equivalent units (FTEs), which are the basis for State funding within the TEC system, were not being audited. Following an Audit Council inquiry, the State TEC Board Internal Auditors audited the 16 colleges and made adjustments ranging from \$-35,243 to \$32,675. Trident TEC's adjustment was a decrease of \$31,696 in funding.

Fee Hikes Not Related to Cost (p. 136)

The State TEC Board has approved student fee hikes beyond a prescribed maximum amount, without determining the components of the fee. Students are paying higher fees than can be justified.

APPENDICES



**STATE BOARD FOR TECHNICAL
AND
COMPREHENSIVE EDUCATION**

G. WILLIAM DUDLEY, JR.
EXECUTIVE DIRECTOR

111 EXECUTIVE CENTER DRIVE
COLUMBIA, S. C. 29210

March 8, 1984

**Mr. George L. Schroeder, Director
Legislative Audit Council
State of South Carolina
620 Bankers Trust Tower
Columbia, South Carolina 29201**

Dear Mr. Schroeder:

Thank you for the opportunity of reviewing the draft report on the recent audit of Trident Technical College and the State Board for Technical and Comprehensive Education.

Your observation concerning the lack of a clear delineation of authority within the legislation establishing the TEC System is noted. The State TEC Board has interpreted this fact as an expression of intent on the part of the General Assembly to have a system with maximum local autonomy. This local autonomy has contributed in a large measure to the success obtained by the Technical Education System in our state.

The administrators of the State Board have recognized that the economy is undergoing a period of change perhaps unequaled in the history of our state and nation. In order to maintain pace with this change, we have implemented a strategic planning process to map the future of TEC. In your report, you have outlined a number of areas in which you suggest policies to enhance the management of the TEC colleges. We will incorporate these matters into our strategic planning process and, therefore, use your report as a constructive management tool.

On the other hand, there are certain findings that we must take issue with:

A. LAC POSITION

"Questionable use of \$4 million Bond Issue."

TEC RESPONSE

Your staff has taken the position that the only applicable use or intent for this bond authorization was the amortization of institutional bonds issued for the construction of the Ashley River

site of Trident TEC. TEC respectfully disagrees with this interpretation. It is our position that the intent was to repay the college for expenses incurred for the construction of the Ashley River Campus and the proceeds could be used for other purposes identified by the Trident TEC Area Commission.

There are several pieces of evidence that we would like to offer in support of our position:

- (1) The approved E-1 Form dated October 29, 1979, signed by Edgar Vaughn, State Auditor, which clearly designates Act 194 of 1979 (Part 1, Section 1, Subsection 12, Item 5) as the funding source for the Berkeley Campus of Trident Technical College.
- (2) A letter signed by six members of the Joint Legislative Bond Review Committee to Mr. William T. Putnam dated April 14, 1981, which recognizes a \$4 million bond authorization to Trident Technical College for the Berkeley Campus of Trident.
- (3) A memorandum from Mr. William T. Putnam to Mr. William A. McInnis dated April 21, 1981, which again acknowledges a \$4 million bond issue "... approved by the General Assembly for construction of the Berkeley Campus."

These documents do not indicate any limited intent in the action of the General Assembly. (Attachment #1)

B. LAC POSITION

The 20% matching requirement was not met for the \$4 million capital improvement bond issue.

TEC RESPONSE

The authorization of \$4 million in capital improvement bonds in Act 194 of 1979 constitutes local funds and did not require matching. This was not a new project and represented reimbursement to the college for the relocation of the Palmer Campus, which was funded from the institutional bond issue. The institutional bonds were being amortized by the assessment of a tuition fee to students. Student fees are defined in our enabling legislation as local funds.

C. LAC POSITION

Proper approval was not obtained for the construction of the Ashley River Campus.

TEC RESPONSE

Prior to the enactment of Act 518 of 1980, the Budget and Control Board had taken the position that capital improvement projects at TEC colleges did not require approval of the Budget and Control Board unless they contained state funds. Justification for this position is the fact that title to all real property at a TEC college is vested in the area commission instead of the state. The Ashley River Campus of Trident TEC was begun prior to the passage of Act 518. After the project became a reporting entity to the Budget and Control Board, we retroactively obtained approval on the architect and contractor.

D. LAC POSITION

Excessive collection of tuition fees from students.

TEC RESPONSE

The primary emphasis in this finding has to do with the allegation of "questionable use" of the \$4 million capital improvement bond issue previously explained in A.

There are several additional comments concerning this finding:

- (1) There is an indication by your staff that the area commission should have adjusted the tuition fee to meet the minimum balance requirements stated in the Institutional Bond Act. The opinion authorizing the reduction of a tuition fee is very recent. Prior interpretations have been that tuition fees are established on a permanent basis. There is an additional consideration, however. The Institutional Bond Act has a section which allows surplus funds in tuition deposit accounts to be used to establish a trust fund for the defeasance of outstanding bonds. The use of the defeasance account allows the amortization of a 15-year bond issue in 12 years. Assuming the application of the defeasance procedure, the collection of tuition fees was not excessive.

Mr. George L. Schroeder
March 8, 1984
Page 4

- (2) Another implication of the finding on the collection of excessive tuition fees relates to the use of \$894,000 of this account for the construction of the Berkeley Campus. Due to inflation and the freeze on capital improvement bonds, the original \$4 million authorization was not sufficient to meet the estimated cost of the project. Additional bond funds in the amount of \$1.75 million were requested and authorized by the General Assembly. Due to priorities established by the Joint Bond Review Committee, these additional bonds will not be available until fiscal year 1984-85. Since the Berkeley Campus was under contract and construction, some provision had to be made to complete the project. The \$894,000 in question was borrowed from the tuition fee account with the understanding it would be repaid upon release of the additional bond authorization. Attached are the necessary approvals for the use of the \$894,000. (Attachment #2)

E. LAC POSITION

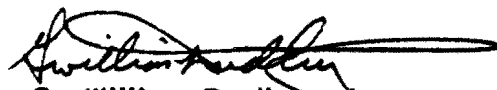
The question of the legality of a State Board policy which allows excess revenues over expenditures to be transferred to capital accounts.

TEC RESPONSE

The point in question is the possible conflict with the proviso in the Appropriations Bill that mandates the expenditure of federal or other revenues before the expenditure of state funds. The TEC colleges are on a reimbursement basis as far as state funds are concerned. They are required to expend local funds and request reimbursement using payroll as evidence of disbursement. It is our position that this procedure meets the purpose and intent of the proviso contained in the Appropriations Bill.

I trust that you may find these responses sufficient; however, should you have any questions or comments about the contents of this letter, please do not hesitate to call on us.

Yours truly,


G. William Dudley, Jr.
Executive Director

GWDjr:rkg

Attachments (2)

Proj. No. H 59-010

APPLICATION FOR APPROVAL OF A PERMANENT IMPROVEMENT PROJECT

DATE September 28, 19 79Institution or Agency Trident Technical CollegeName of Project Berkeley CampusTotal Estimated Cost - - - - - \$ 4,000,000.00To:—State Budget and Control Board
Columbia, South Carolina

In accord with procedures outlined in your "Manual for the Planning and Execution of State Permanent Improvement Projects", your approval of the project described herein is requested.

I. JUSTIFICATION

(The Owner should attach hereto a full and complete resume of facts contributing to the need of this proposed project. The objective should be to provide sufficient information to fully acquaint the Board with conditions, prospective growth and/or other circumstances that led the Owner to propose this particular project.

Copies of studies or surveys, made either by the Owner or by an outside commercial or other firm, should be made available to the Board. Comments should be included concerning any alternative proposals, if any, considered by the Owner).

II. DESCRIPTION OF PROJECT

A. Type (New building, addition to existing building, renovation, alteration, etc.):

New buildingB. Intended Use: Comprehensive, post-secondary education

C. If New Construction is Involved:

1. Attach (a) Architect's schematic drawing with facilities labeled.
(b) Outline specifications.
(c) Small scale locality map.
(d) Analysis of Architect's Preliminary Construction Estimate.

2. No. Square Feet: SEE ATTACHED

3. Principal Facilities (No. of stories, rooms, offices, etc.)

SEE ATTACHED

D. If renovation and/or alteration of an existing building is involved, attach a statement outlining generally the principal work to be done.

E. If land acquisition is involved, attach a plat of the property, showing general location and acreage. Comment on any problems of acquisition or title that may exist.

F. For any unusual type project, the Owner should confer with the Board in the preparation of this Request, and attach such descriptive data as the Board may require in this particular instance.

III. ESTIMATED COST

Site	\$ _____
Grading	_____
Construction	<u>3,560,000.00</u> ✓
Fees	<u>240,000.00</u> ✓
Renovation	_____
Basic Equipment and Supplies	_____
Landscaping	_____
Builder's Risk Insurance	_____
Other (Specify) _____	_____
Contingencies	<u>200,000.00</u> ✓
TOTAL ESTIMATED COST	\$ <u>4,000,000.00</u>

It is further estimated that this project will add \$ _____ per year to operation and maintenance costs of this agency.

IV. FINANCING PLAN

A. Funds already in Hand \$ _____

Source: _____

B. Proposed Bond Issue _____
(If a bond issue is proposed, the Board should be consulted prior to preparation of this application, to determine the details to be submitted herewith).

C. Other (describe) Existing bonds A194-1974-80 Part 1
Section 1 Subsection 12 Item 5
_____ 4,000,000
_____ 4,000,000

TOTAL **\$ 4,000,000**

Has your governing board taken formal action authorizing the submission of this application? Yes

(Signed) William A. Shady
Title _____

BOARD'S ACTION

APPROVED: [Signature] DATE: OCT 29 1979
State Auditor

HORACE C. SMITH
SENATOR, SPARTANBURG COUNTY
SENATORIAL DISTRICT NO. 4
SENATE OFFICE NO. 2

HOME ADDRESS:
BOX 1154
SPARTANBURG, S. C. 29301

COLUMBIA ADDRESS:
SUITE 410, GRESSETTE SENATE OFFICE BLDG.
P. O. BOX 142
COLUMBIA, S. C. 29202



April 14, 1981

COMMITTEES:
CORRECTIONS AND PENOLOGY, Chairman
AGRICULTURE AND NATURAL RESOURCES
BANKING AND INSURANCE
FINANCE
RULES

STUDY COMMITTEES:
S. C. CRIME STUDY COMMITTEE, Chairman
LOCAL GOVERNMENT STUDY COMMITTEE,
Chairman
JOINT BOND REVIEW COMMITTEE, Vice-Chairman

EXHIBIT

APR 14 1981 NO. 23

STATE BUDGET & CONTROL BOARD


Mr. William T. Putnam
Executive Director
Budget and Control Board
Columbia, South Carolina

Dear Mr. Putnam:

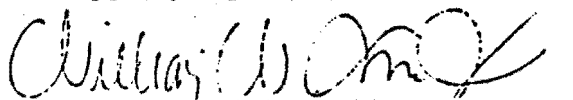
We, the undersigned members of the Joint Legislative Bond Review Committee, hereby wish to express our commitment that an additional one million, seven hundred fifty thousand dollars (\$1,750,000.) will be included in our introduction of the 1981 bond bill for Trident Technical College to supplement four million dollars (4,000,000.) heretofore authorized for the Berkeley Campus of Trident.

We take this action of commitment in order that the contract for this project may be let forthwith.

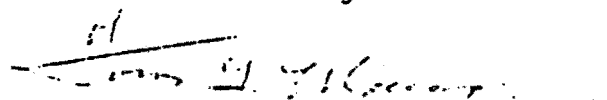
Very truly yours,

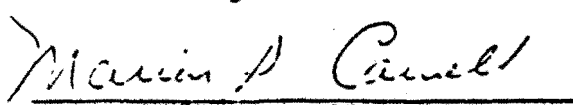

Horace C. Smith


James M. Waddell


William W. Doar, Jr.


Charles E. Hodges

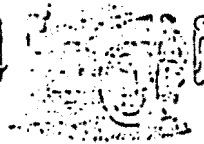

Tom G. Mangum


Marion P. Carnell

State Budget and Control Board

STATE BUDGET & CONTROL BOARD

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GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12144
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

M E M O R A N D U M

Date: April 21, 1981

TO: William A. McLanis
FROM: William T. Putnam *WTP*
RE: Trident Technical College - Bonding Authority

At the Budget and Control Board meeting of April 14, 1981, a recommendation was presented which called for Board approval of an additional \$1,750,000 of Capital Improvement Bonds for Trident Technical College. The purpose of the additional funding was to supplement \$4,000,000 presently approved by the General Assembly for construction of the Berkeley Campus.

The Board was advised that Trident TEC had requested permission to accept a construction bid which was substantially in excess of \$4,000,000. This request was carried over by the Board members but it was unanimously agreed that the Board would recommend the additional funding of \$1,750,000.

On April 15, 1981, a letter dated the previous day was received from the Joint Legislative Bond Review Committee and bore the signatures of each of the six members. This letter indicated the intent of that Committee to include additional funding of \$1,750,000 in the 1981 Bond Act for the Berkeley Campus of Trident Technical College. The letter further indicated that the action had been taken "in order that the contract for this project may be let forthwith."

Upon receipt of the letter from the Joint Legislative Bond Review Committee, I contacted Senator Dennis, Mr. Patterson and Mr. Mangum and each of them indicated that they felt that it would be safe, in view of the statements of the Committee, to authorize John McPherson to approve the acceptance of a construction contract which might include the proposed funds.

In approving the letting of the contract, Mr. Mangum indicated that Trident TEC should be made aware that it would be expected to do everything within its power to provide for the additional funding in the remote event that the additional bonding was not approved by the General Assembly.

WTP:sc

cc: John McPherson

DEC 1 1981

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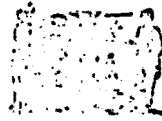
State of South Carolina

DEC 2 1981

State Budget and Control Board

010.

RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL



Box 12114
Columbia
29211

REMBERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. LANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

WILLIAM T. PUTNAM
EXECUTIVE DIRECTOR

November 30, 1981

The Honorable Charles E. Hodges, Chairman
Joint Bond Review Committee
228 Blatt Office Building
Columbia, SC 29201

Dear Representative Hodges:

Summary 30-82, Permanent Improvement Project Action Proposed
by Trident Technical College

Associate Executive Director Wyman D. Shealy of the State Board for Technical and Comprehensive Education is requesting approval of the use of \$894,000 of surplus Institution Bond debt service funds now on deposit with the State Treasurer pending the availability of a like amount of Capital Improvement Bond funds from the \$1,750,000 authorized for that institution in the 1981 Bond Act.

If approved, these funds would be applied toward the payment of the construction contract on the Berkeley Campus project covering work now in progress and for which no other Capital Improvement Bond funds presently are available.

Mr. Shealy observes that funds to pay the balance of the construction contract will come from local capital improvement funds which, presumably, also are to be provided on a temporary basis pending the availability of the 1981 Capital Improvement Bond authorization.

A copy of a letter from Trident Technical College Area Commission Chairman Luther Z. Barnett is attached. In that letter, Mr. Barnett indicates that his Commission agreed to use available debt service funds on an interim basis for the Berkeley Campus project in the event that the additional Capital Improvement Bond funds are not available by the time expenditures are necessary. Other background information on this situation also is attached.

The Honorable Charles E. Hodges

Page 2

November 30, 1981

This matter has not been presented formally to the Budget and Control Board. It is forwarded for your Committee's consideration in the interest of expediting a response to Mr. Shealy's letter. It will be included on the agenda for the Budget and Control Board meeting scheduled for December 11, 1981.

Sincerely,

William A. McInnis

William A. McInnis
Deputy Executive Director

WAM:dw

Enclosures

cc: Wyman Shealy
Kathy Clark
Lib Croft
John McPherson



STATE BOARD FOR TECHNICAL
AND
COMPREHENSIVE EDUCATION

G. WILLIAM DUDLEY, JR.
EXECUTIVE DIRECTOR

1429 SENATE STREET
COLUMBIA, S. C. 29201

November 25, 1981

The Honorable William T. Putnam
Executive Director
State Budget and Control Board
212 Wade Hampton Office Building
Columbia, South Carolina 29211

Dear Bill:

The Joint Bond Review Committee has not scheduled release of the \$1,750,000 authorized for the Berkeley Campus of Trident Technical College in the 1981 Bond Bill. As we have previously discussed, the original authorization of \$4 million in the 1979 Bond Bill will be used by February 1, 1982. The construction contract of the Berkeley Campus is approximately \$5.5 million. Since the 1981 authorization will not be available during this fiscal year, we must look at some type of alternate financing on an interim basis.

Trident TEC has \$894,000 in surplus debt service funds on deposit with the State Treasurer. We need to obtain release of these funds to apply toward the construction contract. Would you please take whatever action is necessary with the Budget and Control Board to authorize Trident to draw these surplus funds.

The balance of the contract will come from local capital improvement funds.

Your early consideration would be greatly appreciated.

With kind personal regards,

Sincerely,

Wyman D. Shealy
Associate Executive Director

WDS:bhc

CC: Charles E. Hodges
William A. McInnis ✓
Charles F. Ward

State of South Carolina

State Budget and Control Board

RICHARD W. RILEY, CHAIRMAN
GOVERNOR
GRADY L. PATTERSON, JR.
STATE TREASURER
EARLE E. MORRIS, JR.
COMPTROLLER GENERAL

Box 12111
Columbia
29211

REINHERT C. DENNIS
CHAIRMAN, SENATE FINANCE COMMITTEE
TOM G. MANGUM
CHAIRMAN, WAYS AND MEANS COMMITTEE

WILLIAM F. PUTNAM
EXECUTIVE DIRECTOR

December 23, 1981

DEC 29 1981

Mr. Wyman D. Shealy, Associate Executive Director
Technical and Comprehensive Education
1429 Senate Street
Columbia, SC 29201

Dear Wyman:

This will confirm that the Budget and Control Board, at its December 22, 1981 meeting, authorized Trident Technical College to use \$894,000 of surplus Institution Bond debt service funds on the Berkeley Campus project pending the availability of a like amount of Capital Improvement Bond funds authorized for that purpose in the 1981 Bond Act. The Board took this action on the condition that your request, included in Summary 30-82, be approved by the Joint Bond Review Committee.

Sincerely,



William A. McInnis
Deputy Executive Director

WAM:dw

cc: Ralph Rabon
Scott Inkley
Mike Windham

*BC: Charles Wood
Gerry Stevens*

REF: Project H59-010 - Trident (Berkeley Campus)

Type of Draw: Excess Debt Service

State Treasurer ID: To be refunded by Act 179 of 1981, Item 2 -
Trident Construction and Equipment
(Send copy of 12/23/81 Budget and Control Board
Letter with Draw Request)

Internal Accounting ID: 98110

Capital Improvements Joint Bond Review Committee

Charles E. Hodges
House of Representatives
Chairman

Scott R. Inkley
Director of Research and Administration/
Budget and Control Board Liaison



Horace C. Smith
Senate
Vice Chairman

Lib Croft
Administrative Assistant

JAN 5 1982

P.O. BOX 142 TELEPHONE: (803) 758-5088 or -8900
ROOM 410, GRESSETTE BUILDING
Columbia, South Carolina 29211

December 28, 1981

Senate Members:

Horace C. Smith
James M. Waddell, Jr.
William W. Doar, Jr.
Jeff R. Richardson, Jr.
Hugh K. Leatherman

House Members:

Charles E. Hodges
Tom G. Mangum
Marion P. Carnell
Jennings G. McAbee
Bill Campbell

Mr. William A. McInnis
Deputy Executive Director
State Budget & Control Board
212 Wade Hampton Bldg.
Columbia, South Carolina 29201

In Re: Summary 30-82: Trident Technical College

Dear Mr. McInnis:

At the meeting of the Joint Bond Review Committee held December 1, 1981, the Committee heard from Associate Executive Director Wyman D. Shealy of the State Board for Technical and Comprehensive Education about the urgent financing needs of the Trident Technical College project. The Berkeley Campus project is under contract and needs funds for payment on construction now in progress. Since there will be no capital improvement bond funds until FY1983, the Committee agreed to release the project in December of 1981 only if the College financed the project from their own resources.

Subsequently, Luther Z. Barnett, Chairman of the Trident Technical College Commission, requested approval of the use of \$894,000 of Surplus Institution Bond debt service funds for the project pending the availability of the \$1,750,000 Capital Improvement Bond funds authorized in the 1981 Bond Act. In this letter, Mr. Barnett also indicated that his Commission has agreed to use available debt service funds on an interim basis for the remainder of the Berkeley Campus project in the event that the CIB funds are not available by the time expenditures are necessary.

Mr. W. A. McInnis

-2-

December 28, 1981

The Joint Bond Review Committee hereby authorizes Trident Technical College to use the \$894,000 of Surplus Institution Bond debt service funds for payment of the construction contract. The Capital Improvement Bond funds authorized for this project in the 1981 Bond Act will receive a priority release date sometime within the January 1983 to January 1986 period.

With kind regards,

Sincerely,


Rep. Charles E. Hodges, Chairman
Joint Bond Review Committee

CEH:lc

cc: Members, Joint Bond
Review Committee



APPENDIX B
LEGISLATIVE AUDIT COUNCIL
STATE OF SOUTH CAROLINA

620 BANKERS TRUST TOWER
COLUMBIA, SOUTH CAROLINA 29201

February 14, 1984

TELEPHONE:
803-758-5322

PUBLIC MEMBERS

JERRY D. GAMBRELL
Chairman

F. HALL YARBOROUGH

ROBERT S. SMALL, JR.

Dr. William A. Orth
President
Trident Technical College
P.O. Box 10367
Charleston, SC 29411

Dear Dr. Orth:

As you know, the Legislative Audit Council has been preparing a report on Trident Technical College. I would like to invite you to review the final draft in our offices at 9:00 a.m. on February 22, 1984.

EX-OFFICIO MEMBERS

SENATE

MICHAEL R. DANIEL
Lt. Governor
Pres. - Senate

L. MARION GRESSETTE
Pres. Pro Tempore
Chm. - Judiciary Comm.

REMBERT C. DENNIS
Chm. - Finance Comm.

As Cheryl Bale of my staff discussed with you, the exit conference allows for verification of facts, as well as clarification of any interpretations contained in the report. If appropriate, adjustments or notations can be made in the report. During the exit conference you and your choice of Trident TEC staff or Area Commissioners can read the final draft report, and prepare written comments to be included in the report. If you wish to submit written comments for inclusion in the report, they would need to be ready by March 6, 1984.

Please contact the Project Coordinator, Cheryl Bale, at 758-5322 if you have any questions. We look forward to receiving your comments.

HOUSE

RAMON SCHWARTZ, JR.
Speaker of House

TOM G. MANGUM
Chm. - Ways & Means Comm.

ROBERT J. SHEHEEN
Chm. - Judiciary Comm. /sp

Sincerely,

George L. Schroeder
Director

GEORGE L. SCHROEDER
Director

APPENDIX B (CONTINUED)

Trident Technical College

Charleston, South Carolina 29411

Post Office Box 10367

North Campus - (803) 572 - 6111

Palmer Campus - (803) 792 - 7161

February 21, 1984

Mr. George L. Schroeder
Legislative Audit Council
State of South Carolina
620 Bankers Trust Tower
Columbia, SC 29201

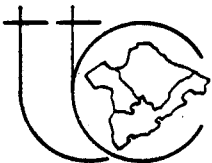
Dear Mr. Schroeder:

Thank you for your letter of 14 February extending an invitation to review the final draft of the Legislative Audit Council report on Trident Technical College. I also appreciate the personal invitation by telephone from Ms. Cheryl Bale.

For several reasons, I have decided not to accept the invitation to attend the exit conference. Since this may be somewhat of an unexpected response, I am especially grateful to have had the opportunity to discuss my reasons in person with Ms. Marilyn Edelhoach last Friday. I trust she has explained both my concerns and my desire to do what is best for the report, and for Trident Technical College. In the following paragraphs I will briefly recap my rationale for this decision. I hope this will be helpful in addressing some of the questions you may have regarding my decision.

As you noted in your letter, the exit conference allows for some verification of facts. My experience includes many exit conferences for audit type reports -- called "Inspector General Outbriefings" in my previous profession. I attended those conferences because I had the background necessary to evaluate and verify certain aspects of the reports. In this case, I do not have such a background. This deficit is compounded by the fact that three key individuals employed during that period of time are no longer at Trident Tech. I sincerely doubt in the relatively short period scheduled for the exit conference, that either I or my present staff would be of much value in verifying the accuracy of facts presented in the report. The same background inadequacies would also impede my ability to clarify any interpretations contained in the report.

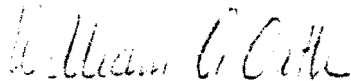
Your offer to include my written comments in the report is deeply appreciated. The reasons stated in the previous paragraph prevent my acceptance of this offer. However, even if I did have more knowledge concerning college operations during the period of time in question, I would probably still defer to respond in writing. A written response, even if carefully phrased, tends to give the impression of being defensive in nature, or perhaps even adversarial. That is not my view of this report!



As the new President of Trident Technical College, I intend to use the Legislative Audit Council report as a rather significant management tool. In this report, you have provided me a rare opportunity. You have devoted significant personnel and financial resources over an extended period of time to provide an in-depth, detailed analysis of Trident Technical College. I am looking forward to a professional report written by highly competent audit personnel. In addition, I am personally disconnected from the events and time frame of the report. That's a tremendous advantage that I don't want to compromise by an early involvement that might be defensive in nature. To be of value -- to be worth the investment of resources -- this report must be accepted in as positive a sense as possible by the college. That can only occur if the President takes the lead. And, in my opinion, that leadership is enhanced by remaining disconnected from the audit process until the report is made available to the College in its final form.

Mr. Schroeder, I hope you understand my position. I look at this report as an opportunity and I hope to follow a strategy that will optimize its value to the College. Part of that strategy is declining the invitation to attend the exit conference. I do, however, appreciate your offer to be a part of the process. Thank you.

Sincerely,



William A. Orth
President

WAO/led

cc: Area Commission
Berkeley Legislative Delegation
Charleston Legislative Delegation
Dorchester Legislative Delegation

APPENDIX C
VOLUME II MANAGEMENT AND PERFORMANCE REVIEW OF
TRIDENT TECHNICAL COLLEGE:
ADDITIONAL FINDINGS

Lack of Computer Services Support for Instruction (p. 1)
Stricter Enforcement of the Bad Check Policy Needed (p. 5)
Annual Reports Lack Budget Data (p. 7)
Hiring Beyond Budget (p. 8)
Abuse of Personnel Resources (p. 10)
Lack of Bookstore Controls (p. 12)
Improper Accounting for Development Division Employees (p. 14)
Questionable Use of College Facility (p. 16)
Maintaining Flyable Aircraft Unnecessary and Expensive (p. 17)
Procedures for Administering FAA Exams Against Regulations (p. 19)
Suspension of Programs Handled Poorly (p. 21)
Poor Record-Keeping in Student Development Services (p. 24)
Inadequate Coordination of Career Counseling and Job Placement (p. 25)
Duplicate Marketing Functions (p. 27)
Funding Data to the State TEC Board Not Checked (p. 29)
Inconsistent Determination of Instructional Development Costs (p. 31)